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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 1/13/09

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- 1) Poll: Aso cabinet's support rate drops to 18 PERCENT

SANKEI (Page 1) (Abridged)
January 13, 2009

The Sankei Shimbun conducted a joint poll with Fuji News Network (FNN) on Jan. 10-11. The public approval rating for Prime Minister Taro Aso's cabinet dropped 9.3 points from November last year to 18.2 PERCENT, falling below 20 PERCENT for the first time. The disapproval rating rose 13.1 points to 71.4 PERCENT, also topping 70 PERCENT for the first time. In the breakdown of public support for political parties as well, the leading opposition Democratic Party of Japan (Minshuto) outstripped the ruling Liberal Democratic Party. The LDP, declining in public support since late last year, was unable not stop public support from falling further in the survey this time.

In the poll, respondents were also asked who they thought was more appropriate to be prime minister, Aso or DPJ President Ichiro Ozawa. To this question, 41.0 PERCENT said they preferred Ozawa, with 25.2 PERCENT choosing Aso.

In the breakdown of public support for political parties, the LDP stood at 23.4 PERCENT, with the DPJ reaching 26.6 PERCENT. The DPJ topped the LDP for the first time since the Aso cabinet came into office. Respondents were further asked which political party they would vote for in the next general election for the House of Representatives in their respective proportional representation blocs. In this public preference of political parties, the DPJ scored 41.5 PERCENT, with the LDP at 29.0. As seen from these figures, the DPJ outdistanced the LDP in public preferences of

political parties.

2) Cabinet non-support rate reaches 72 PERCENT in Yomiuri poll, with 78 PERCENT of public against cash-handout plan

YOMIURI (Top play) (Excerpt)
January 12, 2009

According to an opinion poll (telephone based) carried out by the Yomiuri Shimbun Jan. 9-11, the support rate of the Aso Cabinet slipped 0.5 point from last month's survey to reach 20.4 PERCENT, while the non-support rate rose 5.6 points to 72.3 PERCENT. On the question of who was more appropriate to be prime minister, Democratic Party of Japan (DPJ) President Ichiro Ozawa or Prime Minister Taro Aso, support for Ozawa rose from last time's 36 PERCENT to 39 PERCENT, while support for Aso dropped from 29 PERCENT to 27 PERCENT. With voters taking an increasingly severe view of the prime minister, managing the government is likely to become exceedingly difficult for Aso.

Although the support rate for the Aso Cabinet stopped short of

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dipping below the 20 PERCENT line, this was the first time since the Mori Cabinet for the non-support rate to top 70 PERCENT. The main factor for the public's distancing itself from Aso seems to be heightened resentment by voters regarding the policies of his administration, starting with his handling of the economic crisis.

3) Poll: 63 PERCENT negative about cash handout plan; Cabinet support down to 19 PERCENT

ASAHI (Top play) (Abridged)
January 12, 2009

The government is planning in its supplementary budget to pay out a total of 2 trillion yen in cash benefits to all people. However, 63 PERCENT of the public think it would be better to call off such a cash payout plan, according to a telephone-based nationwide public opinion survey conducted by the Asahi Shimbun on Jan. 10-11. Affirmative answers accounted for 28 PERCENT. The rate of public support for the Aso cabinet was 19 PERCENT, falling from the 22 PERCENT rating in the last survey taken Dec. 6-7 and renewing its low. The nonsupport rate was 67 PERCENT.

The cash payout plan should be a showcase of the Aso cabinet's policies. The survey, however, shows that the general public has a feeling of rejection to it. The Aso cabinet, which has been suffering from low popularity, is now in an even more difficult situation. Even among those who support the ruling Liberal Democratic Party, affirmative answers accounted for only 48 PERCENT, with negative answers reaching 43 PERCENT.

The cabinet support rate was 37 PERCENT in an earlier survey that was taken in November before the last survey. It sharply dropped in the last survey and further went down in the survey this time to the same level as the 19 PERCENT rating in a survey taken in May last year. Even among LDP supporters, the cabinet support rate was only 49 PERCENT. As seen from this figure, LDP supporters are distancing themselves from Aso.

In the survey, respondents were also asked which political party they would vote for in their proportional representation blocs for the House of Representatives if they were to vote now. In this public preference of political parties, the LDP scored 25 PERCENT (28 PERCENT in the last survey), with the leading opposition Democratic Party of Japan (Minshuto) at 38 PERCENT (36 PERCENT in the last survey).

4) Poll: 70 PERCENT don't support Aso cabinet; Support rate drops to 19 PERCENT

TOKYO SHIMBUN (Top play) (Abridged)
January 12, 2009

The rate of public support for Prime Minister Taro Aso and his cabinet dropped 6.3 points from December last year to 19.2 PERCENT in a telephone-based nationwide public opinion survey conducted by Kyodo News on Jan. 10-11. The nonsupport rate rose 8.9 points to 70.2 PERCENT , topping 70 PERCENT for the first time about eight years since the Mori cabinet. Asked whether they appreciated the Aso government's plan to pay out cash benefits, 70.5 PERCENT of the public answered "no," up 12.4 points from a similar survey taken in November last year. "Yes" accounted for 23.7 PERCENT , down 7.7

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points.

In the survey, respondents were asked to choose between Aso and Ichiro Ozawa, president of the leading opposition Democratic Party of Japan (Minshuto), as more appropriate for prime minister. In this public choice, Ozawa scored 46.6 PERCENT , up 11.9 points. Aso was at 22.1 PERCENT , down 11.4 points. As seen from the figures, Ozawa's standing is far higher than Aso's. The survey shows that the public is now seriously distancing themselves from Aso. The prime minister will now face even more difficulties in running the government, and he also will find it more difficult to make his decision on when to dissolve the House of Representatives for a general election.

Asked about the desirable form of government, 51.4 PERCENT chose a DPJ-led coalition government, with 30.5 PERCENT picking a coalition government centering on the ruling Liberal Democratic Party. Meanwhile, in the public choice of political parties for proportional representation in the next election for the House of Representatives, the DPJ stood at 39.7 PERCENT , with the LDP at 26.3 PERCENT .

In the breakdown of public support for political parties as well, the DPJ rose 2.4 points to 31.1 PERCENT . The LDP dropped 1.4 points to 27.5 PERCENT . The DPJ topped the LDP for the first time since the Aso cabinet came into office. The New Komeito, the LDP's coalition partner, was at 2.2 PERCENT . Among other political parties, the Japanese Communist Party was at 3.6 PERCENT , with the Social Democratic Party at 2.4 PERCENT , the People's New Party at 0.4 PERCENT , and the New Party Nippon at 0.2 PERCENT . The proportion of those with no particular party affiliation was 30.8 PERCENT .

5) Aso's unpopularity taking root, with public seeing his qualification as premier as half that of Ozawa

TOKYO SHIMBUN (Page 2) (Abridged)
January 12, 2009

The Aso cabinet's approval rating fell below 20 PERCENT . Since the support rate did not stop dwindling, middle-ranking and junior lawmakers in the ruling Liberal Democratic Party would inevitably distance themselves from Aso to rock his government's political footing. Aso is eager to boost his popularity but remains unable to find even a clue. From now on, all other LDP lawmakers could also move to dump Aso.

The government has made a cabinet decision on the budget for fiscal 2009. Late last year, Aso himself explained it in a press conference, declaring his readiness to do all his government can to address job security and economic measures. One LDP executive once expected the Aso cabinet's support rate to rebound. However, the support rate fell further from its low of 25.5 PERCENT in December last year to the worst level.

In the last December survey, respondents were asked to choose between Aso and Ozawa as more appropriate for prime minister. In that public choice, Ichiro Ozawa, president of the leading opposition Democratic Party of Japan (Minshuto), outstripped Aso. In the survey this time as well, Aso was far below Ozawa. Aso initially had a strategy to win the general election with his caliber over Ozawa. However, this figure could be a blow to the LDP should Aso

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try to push himself out.

6) Government's contribution measures to Afghan reconstruction to focus on plan to rebuild capital under Japan's lead; Cooperation also on the personnel and financial assistance fronts

NIKKEI (Page 1) (Full)
January 11, 2009

The government's new contribution measures to assist the reconstruction of Afghanistan - the frontline of the war on terror - have been set. Japan will take the lead in drafting a new redevelopment plan for Kabul, the country's capital, and will cooperate on the financial and technological fronts so that the project can be completed by 2025. In its stance of cooperating on both the public security and economic fronts, Japan will newly dispatch government personnel to Afghanistan assigned to handle reconstruction assistance, and it will also provide financial cooperation for anti-terrorist operations.

For the incoming Obama administration that will be launched Jan. 20, the Afghanistan issue will be high on the foreign-policy priority list. The government plans to brief the new administration on its additional contributions and to call for close contacts on them.

Having received a request from the Afghan government for assistance on redeveloping the capital area, the Japan International Cooperation Agency (JICA) will draft an implementation plan by September. The plan will be separated into three stages: short, intermediate, and long-range redevelopment. The contents will focus on three main areas: 1) construction of infrastructure, such as housing, transportation, electricity, and waterworks; 2) designing an administrative system; and 3) training local personnel so that the city's redevelopment can proceed on its own.

The cost of the projects in the redevelopment plan is estimated to be on the scale of approximately 4.2 trillion yen. Japan intends to consider provide some yen loans for it. The project will start this year, based on the plan that Japan will draft and in close coordination with the United States and various European countries. Kabul over the past decade has doubled in population size to approximately 3 million people, owing to such factors as returning refugees. Housing and the infrastructure, such as water supply and transportation, have not kept up with the population growth. The drafting of an effective urban plan is needed immediately.

Japan's financial cooperation to assist the war on terror will consist of money to repair the transport helicopters of ISAF (International Security Assistance Force). Japan will provide NATO with funds totaling approximately 400 million yen. As its humanitarian contribution, Japan possibly in March will assign for the first time two or three government officials to the PRT (provincial reconstruction team) deployed to Afghanistan by NATO and other parties.

In order to ensure that this fall's presidential election in Afghanistan proceeds smoothly, Japan will assist by training local police and strengthening the election monitoring system.

7) Japan's additional contribution to Afghan reconstruction aims at demonstrating cooperative stance to next U.S. administration

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NIKKEI (Page 2) (Full)
January 11, 2009

The government in compiling additional contribution measures for Afghanistan aims to ratchet up even further its proactive cooperative stance to herald the inauguration of the Obama administration in the United States. Japan is already the world's number-two donor to Afghanistan's reconstruction next to the U.S., having announced that it will provide two billion dollars in financial cooperation. However, the reality is that Japan by just providing financial cooperation is lacking a presence in that

country. The government would like to step forward with a contribution that will have visibility by providing such measures as assisting the redevelopment of Kabul.

With Afghanistan's public security steadily worsening, the United Nations has adopted a resolution requesting increased dispatches of troops to improve that nation's security. The Afghan problem will bear down heavy on the shoulders of the new Obama administration.

In Japan, as well, there seems to be a growing view that the government should expand its contribution to Afghanistan. But the situation is that it will be difficult to dispatch Self-Defense Force personnel, given the need for new legislation to do so. The government through such efforts as the redevelopment of Kabul, hopes to "show its presence by playing a role that draws on Japan's own experience," according to a senior Foreign Ministry official.

8) U.S. Ambassador to Japan Schieffer: Alliance to remain firm even if Japan's government changes

NIKKEI (Page 1) (Full)
January 10, 2009

Before leaving his post on Jan. 15, U.S. Ambassador to Japan Schieffer gave an interview to the Nikkei at his official residence. In it, he stated that even if there is a major change in Japan's political structure following the next Lower House election, "I believe support for the alliance will continue." He thus expressed strong expectation that even under the Obama administration, the alliance arrangements between Japan and the U.S. would remain firm.

Regarding the Democratic Party of Japan's (DPJ) proposal for stationing U.S. forces in Japan only during emergencies, the Ambassador clearly stated, "We cannot completely pull out our forces from Okinawa." Commenting on DPJ President Ichiro Ozawa, he said, "If Mr. Ozawa is thinking of launching a DPJ administration by scrapping the alliance between the U.S. and Japan, I cannot restrain my disappointment."

The Ambassador recognized that there were different views within the U.S. government on the issue of Japanese having been abducted by North Korea, but he stressed, "No matter who is my successor, I will explain that this is an issue the Japanese hopes to see resolved."

9) U.S. Ambassador Schieffer in press roundtable urges Japan to participate in anti-piracy operations

SANKEI (Page 6) (Full)
January 10, 2009

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U.S. Ambassador to Japan Schieffer in a roundtable with reporters prior to his leaving post called on Japan to proactively participate in international cooperative efforts to deal with piracy in waters off Somalia. He asked, "If Japan is not prepared to protect its own ships, then who will do it?"

On Japan's contribution to Afghanistan after the Obama administration is launched, the Ambassador appealed to Japan to make efforts on its own, saying, "There are many possibilities in the civilian area other than sending Self-Defense Forces." He thus sent out a strong message of encouragement to Japan, which has tended to turn inward due to political stagnation.

Ambassador Schieffer referred to the eight years of the Bush administration as the "golden age" of Japan-U.S. relations. He praised the strengthening and deepening of the alliance, saying, "I am proud of the many accomplishments." Referring to Japanese politics having fallen into deadlock owing to the divided Diet, he stated, "I fear that Japan will lose its self-confidence about the role it should play on its own accord in the world."

In connection with anti-piracy efforts, he stressed this view: "Pirates are not states; they are groups of criminals, so this is

different from the issue of collective self-defense and Article 9." He continued: "Japan should proactively participate with the international community in anti-piracy operations." He indicated that Japan should not wait until being asked to contribute but should on its own initiative join international cooperative efforts. He pointed out: "This would be a strong message to send, but there is no other way but this to start relations with the new U.S. administration."

The Ambassador regretted that there had not been great progress on the abduction issue. However, he noted: "Mr. Obama has two children. Any parent would understand the enormity of one's child being abducted." He made it clear that he would pass along to his successor the importance of the abduction issue.

10) Government to send delegates to anti-piracy meeting

YOMIURI (Page 2) (Abridged slightly)
January 11, 2009

The government has decided to dispatch delegates to the first meeting of a contact group of nations trying to fight piracy in waters off Somalia, Africa. The meeting will be held in New York on Jan. 14. The government hopes to strengthen ties with countries and organizations, such as the United States and the European Union, which have already dispatched vessels to the area. The government is specifically considering the option of sending Japan Coast Guard and Maritime Self-Defense Force vessels to the region.

The meeting was called after the UN Security Council adopted a resolution on Dec. 16 calling on the international community to take part in efforts to stamp out piracy in waters off Somalia. U.S. Secretary of State Condoleezza Rice has requested that all nations with shipping interests in the region attend the meeting. About 20 countries, including China, Russia, and the United States, are expected to send delegates to the meeting. The government is preparing to send a senior Foreign Ministry official.

The aims of the meeting are to set up an information sharing center

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to enable nations to collaborate on anti-piracy activities and to establish a working group to look into matters, such as rules on handling captured pirates. Delegates will also discuss the establishment of a permanent anti-piracy bureau in a country in close geographic proximity to Somalia.

By attending the meeting, the government hopes to move ahead with anti-piracy measures within a framework of international collaboration.

11) Coordination underway between government, ruling parties to come up with anti-piracy legislation in outline; Many points need to be worked out

NIKKEI (Page 2) (Abridged slightly)
January 10, 2009

The government began coordinating views on Jan. 9 with the ruling parties on drafting the outline of legislation for dealing with piracy in waters off Somalia, Africa. The aim is to present the envisaged legislation to the Diet before the end of the current fiscal year. The Liberal Democratic Party and the New Komeito on the same day confirmed a policy direction to have their anti-piracy project team meet twice a week to discuss the matter. There still remain many points at issue, such as the handling of captured pirates and the easing of weapons-use standards.

Under the envisaged law, cracking down on piracy will be allowed anywhere on the high seas. The protection of foreign vessels, for which there is no legal basis at present, will also be allowed. The government plans to apply Japanese criminal punishment law regardless of nationality and location to acts of piracy. In arresting and imposing penalties, it seems impractical to take captured pirates to Japan to indict them. Although the pirates will likely be handed over to a neighboring country for prosecution, the

details have not been worked out.

How to apply the authority to arrest pirates remains unclear, as well. Under existing law, Japan Coast Guard officers with judicial and police authority are allowed to seize illegal intruders. Under the envisaged law, JCG officers will also be on board a (Self-Defense Force) vessel on a maritime mission. But SDF officers have not been trained for capturing (pirates), so the Defense Ministry's position is that it would be troublesome if it is given judicial and police authority.

Easing of weapons-use standards is the biggest bone of contention. Under existing legislation, firing warning shots at pirates is allowed to bring their ship to a halt, applying the JCG Law. The government plans to allow firing warning shots at hulls under the envisaged law, as well. But with the New Komeito remaining reluctant to allow using weapons for other purposes, coordination will be difficult.

Some are calling for placing certain limitations on the overseas dispatch of the SDF on an anti-piracy mission. In fact, the Antiterrorism Special Measures Law and the Iraq Special Measures Law require retroactive Diet approval.

The main opposition Democratic Party of Japan, which holds the key to enacting legislation, has demanded prior Diet approval in the past. Although such is yet to be discussed, a government official

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noted: "In order to obtain the DPJ's understanding, it might be necessary to incorporate a provision on Diet approval of some sort."

12) Japanese, South Korean leaders vow to closely work with next U.S. administration on North Korean nuclear issue and to cooperate over financial crisis

TOKYO SHIMBUN (Top Play) (Full)
January 13, 2009

Seoul, Akihiro Ikushima

Prime Minister Taro Aso on the morning of January 12 met with South Korean President Lee Myung Bak for about an hour at the Blue House. Both leaders vowed to closely cooperate with the new Obama administration on resolving the issue of North Korea's nuclear weapons program. As an approach to address the global financial crisis, they also agreed to further strengthen bilateral cooperation to prevent the expansion of protectionism.

Lee to visit Japan before year's end

Both leaders confirmed their stance of having North Korea scrap its nuclear program through the six-party talks. Aso stressed the need for Japan, the U.S. and South Korea to cooperate with one another, warning, "Following the inauguration of the new U.S. administration, Pyongyang might try to divide the three countries."

Aso noted that the abductions remain a serious human-rights issue. Lee pledged to cooperate with Japan on resolving that issue.

Referring to measures to address financial turmoil in the world, the prime minister said, "Asia should fulfill a major role as a growth center that is open to the world." The president responded, "Our countries should cooperate substantively in order to overcome the crisis."

On assistance for the reconstruction of Afghanistan, the prime minister proposed providing joint support for vocational training and agriculture.

The president agreed to the proposal. The two leaders decided to have working-level officials confer on implementing it.

Aso and Lee also agreed to accelerate efforts for the resumption of talks on a bilateral economic partnership agreement (EPA) that have

been suspended since November 2004. In order to jointly meet the various political and economic issues facing the international community, the two leaders decided to launch a joint research project bringing in experts from both countries.

In a bid to reestablish a shuttle diplomacy, with each leader annually paying a reciprocal visit to the other country, the prime minister asked the president to visit Japan before year's end. The president accepted the offer.

13) Gist of Japan-South Korea summit

MAINICHI (Page 5) (Full)
January 13, 2009

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The following is a gist of talks held on January 12 between Prime Minister Taro Aso and South Korean President Lee Myung Bak:

An agreement was reached for President Lee Myung Bak to visit Japan at an appropriate time before the end of the year.

Prime Minister Aso: I would like to have Foreign Minister Hirofumi Nakasone visit South Korea at an early time to exchange views.

President Lee: We will welcome him.

Aso and Lee agreed to set up a Japan-South Korea new-age joint study project team and to have the representative of each country meet in Tokyo before the end of the month.

Prime Minister: Cooperation in vocational training and agriculture must be effective.

President: I agree.

Aso and Lee agreed for Japan and South Korea to closely cooperate for the second financial summit. They also agreed to promote a study for the resumption of talks on an economic partnership agreement (EPA). They agreed on the need to prevent protectionism.

President: I would like to closely cooperate with Japan on the development of the six-party talks after the establishment of the new Obama administration in the United States. It is important for the three countries, including the United States, to cooperate. Cooperation with China is also vital.

Prime Minister: Following the establishment of the new U.S. administration, North Korea might make a move to drive a wedge between Japan, South Korea, and the United States. It is important to work closely. I would like to see the new U.S. administration adopt a basic policy designed to have North Korea scrap its nuclear programs through the six-party. The issue of abductions is a serious violation of human rights, and it must be resolved at an early time. We need your cooperation.

President: There are many victims of abductions in South Korea, as well. North Korea must cooperate on this issue, and I have the same view as Japan.

14) Aso in meeting with President Lee to express eagerness to resume EPA talks

NIKKEI (Page 2) (Full)
January 12, 2009

(Nakayama, Seoul)

Prime Minister Taro Aso arrived in South Korea on Jan. 11 to meet with President Lee Myung-bak. After the arrival, Aso attended a

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luncheon meeting sponsored by a South Korean economic organization, in which he indicated that the two countries should accelerate working-level negotiations to reopen suspended talks for a bilateral economic partnership agreement (EPA). He said: "The governments of the two countries must do their best to quickly reach an EPA, which will bring about great benefits to their economies."

Aso is visiting South Korea for the first time since he came into office. He will meet with Lee at the presidential Blue House on Jan. 12 as part of a "shuttle diplomacy" of the two leaders taking turns visiting the other's country.

In the luncheon meeting yesterday, Aso said: "An EPA between Japan and South Korea will expand bilateral trade and investment ties, as well as further increase the possibility of promoting cooperating between Japanese and South Korean companies in third countries, including Asian countries." He emphasized that an EPA will contribute to expanding business opportunities for firms of the two countries, and he sought understanding from South Korean business leaders, who are cautious about concluding such a pact.

About 20 Japanese business leaders accompanied Aso on his visit, including Nippon Keidanren (the Japan Business Federation) Chairman Fujio Mitarai. On the night of the 11th, Aso and Lee held an informal talk at the Blue House with Japanese and South Korean business leaders, including Mitarai and South Korean Business Federation Chairman Cho Suck-rae. Lee said there: "The two countries should strengthen bilateral cooperation and first promote EPA negotiations on areas that the two countries can agree on." The two leaders asked the business executives to continue to closely cooperate with each other.

In a banquet hosted by President Lee, the two leaders exchanged views on the present state of the U.S. economy. They shared the view that the incoming Obama administration is expected to place importance on Asia.

15) Foreign Minister Nakasone pledges to provide 2.4 billion yen for Khmer Rouge tribunal

MAINICHI (Page 2) (Full)
January 12, 2009

(Kyodo, Phnom Penh)

In a meeting with Cambodian Prime Minister Hun Sen in Phnom Penh, the capital of Cambodia, on Jan. 11, Foreign Minister Hirofumi Nakasone pledged to provide another about 2.38 billion yen for the UN-backed Khmer Rouge tribunal to judge former senior members of the Pol Pot administration. In promoting the trial process, the lack of funding has become serious.

Nakasone told Hun Sen: "Since there are such problems as (the suspects) getting old, we hope you will quickly proceed with the trial." Hun Sen replied: "I appreciate Japan's financial assistance. The special tribunal is vital for bringing about national reconciliation."

Nakasone visited Laos on the afternoon of the 11th and signed notes for Japan to offer approximately 1.3 billion yen in aid for disposing of cluster bombs and fighting poverty. Deputy Prime Minister and Foreign Minister Thongloun expressed his gratitude to

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Nakasone.

16) Germany to unofficially ask Japan to jointly propose initiative of UN economy council

(Miura, Berlin)

The German government has decided to unofficially ask Japan to jointly propose a plan to set up in the UN a "world economic council" (tentative name) tasked with setting rules for the global economy.

Laurentz Meir (TN: phonetic), an official in charge of economic policy of the Christlich-Demokratische Union Deutschlands (CDU), informed the Tokyo Shimbun of this decision yesterday.

The concept is aimed to put the market economy in order, reflecting on the ongoing global financial crisis. German Prime Minister Angela Merkel proposed this concept during a party convention last month. Merkel also stressed the need to set up an authoritative forum on par with the UN Security Council to discuss the issue when she met with French President Sarkozy in Paris on Jan. 8.

Meir said, "Japan is a very important partner." He then called on Japan to propose the concept at the European Union (EU) level, remarking, "The proposal should be made jointly. It would be more desirable if we can make the proposal at the EU level." Germany intends to seek understanding of this concept in the Group of 20 (G-20) Summit to be held in London in April.

Meir indicated that the German government would take specific action after ascertaining moves by the incoming administration of President-elect Obama, saying: "We should pay attention to moves by the incoming U.S. administration."

17) Second extra budget to clear Lower House tomorrow;
Confrontational stance between ruling and opposition camps to heighten this week

NIKKEI (Page 2) (Full)
January 12, 2009

Confrontation between the ruling and opposition parties is expected to rise sharply for the first time this week in the current regular session of the Diet. Although the ruling coalition plans to approve the second supplementary budget for fiscal 2008, including the 2 trillion-yen cash-benefit program, and budget-related bills, in a plenary session today of the House of Representatives, the Democratic Party of Japan (DPJ), the largest opposition force, intends to carry out do-or-die resistance against the ruling camp. Yoshimi Watanabe, former state minister in charge of administrative reform, is expected to submit his resignation from the ruling Liberal Democratic Party (LDP) and vote against the budget bill and bills-related to the fiscal 2008 second extra budget. When holding a second vote in the Lower House, the ruling coalition leadership will do its utmost to prevent its members from defying it.

Appearing on a Fuji TV program Sunday, LDP Secretary General Hiroyuki Hosoda emphasized the need for an early passage of the

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second extra budget, noting: "We have to create an opportunity to expand consumption." New Komeito leader Akihiro Ota, referring on an NHK talk show Sunday to discord in the cabinet ministers on whether to receive the cash-payout, said: "Everybody, including the cabinet ministers, should basically get the cash-payments."

The LDP and its coalition partner New Komeito ordered their members to stay in the Diet on Jan. 13 when the Lower House takes a vote on the bills in its plenary session. The ruling parties are expected to assemble on the morning of the 13th lawmakers, who are now serving in their first-term in the Lower House and are regarded as unhappy with the cash-benefit program in order to have them follow the government's policy. Concerning about moves in LDP members leaving the party and distancing themselves from Prime Minister Taro Aso, the ruling leadership has stressed the meaning of the cash-payout program. Hosoda said: "There is no possibility" that the ruling coalition members, except for Watanabe, will vote against the bills

on the 13th. But there still remains a cause for trouble. If the number of rebels increases to 17 at a time when it becomes possible to put the budget-related bills to a revote in the Lower House, the bills will not clear the Diet. Since approval by more than two-thirds of the Lower House members is required to readopt the bills, the number of rebels could be detrimental to the Aso administration.

Appearing on the NHK talks show on Sunday, DPJ President Ichiro Ozawa shot down the government-drafted cash-handout program. He stated: "The flat-sum cash-benefit plan will neither boost the economy nor support the livelihoods of the people." He also revealed that the opposition would revise the second extra budget bill in the House of Councillors and adopt it.

The DPJ's Lower House members intend to walk out of the plenary session before the vote on the 13th. The party is expected to have its junior lawmakers, who are now serving in their first- to third-term in the Diet, take protest action tomorrow at a Lower House Budget Committee session and other places. The government and ruling bloc want to submit to the Diet on Jan. 19 the state budget for fiscal 2009 and bills related to the budget. In order to place priority on passage of the fiscal 2009 state budget before the end of this fiscal year, they are considering deliberating on the fiscal 2009 budget in the Lower House before the second supplementary budget clears the Diet.

The DPJ is expected to boycott deliberations on the second extra budget in the Upper House for the time being if the ruling coalition rams the budget through the Lower House on the 13th. Ozawa criticized the ruling camp's idea of conducting deliberations on both the budgets at the same time, saying: "It's out of question." The DPJ is brandishing the threat of not responding to deliberations in the upper chamber even after the government presents the fiscal 2009 budget if the ruling coalition decides to deliberate simultaneously on the two budgets.

Some DPJ lawmakers, however, are concerned about public backlash against boycott of Diet deliberations. A senior LDP Upper House member said: "We welcome the DPJ's boycott in the Upper House." As such, it is uncertain whether the DPJ will be able to remain adamantly in a hard-line stance.

18) Watanabe to leave LDP today

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TOKYO SHIMBUN (Page 1) (Full)
January 13, 2009

In a meeting yesterday afternoon of his supporters in Otawara City, Tochigi Prefecture, Yoshimi Watanabe, former state minister in charge of administrative reform, expressed his intention to quit the ruling Liberal Democratic Party (LDP) and his intent was approved by the supporters. The outlook is that Watanabe will submit his resignation to the LDP leadership before the House of Representatives takes a vote on the second supplementary budget for fiscal 2008 and budget-related bills on the evening of Jan. 13, and that the party leadership will accept it. Watanabe is now serving his fourth-term in the Lower House, representing the Tochigi No. 3 district.

After the meeting yesterday, Watanabe explained reporters about the reason for his decision to quit the LDP:

"I made efforts to reform the civil-servant system. I proposed scrapping the plan to relax regulations on amakudari postretirement job for senior bureaucrats, but regrettably my proposal was ignored and rejected (by Prime Minister Taro Aso)."

Watanabe indicated his intent to vote against the second supplementary budget for fiscal 2008, including the flat-sum cash-payout program, or to boycott the vote. He has called for scrapping the cash-payment plan. He said: "I want to express my protest in some fashion."

Asked about his political activities after he leaves the LDP, Watanabe unveiled his intention to aim at forming a third political force before the next Lower House election by calling on heads of local governments and assembly members to join in. He said:

"I would like to create a national council. In cooperation with like-minded persons across the nation I want to conduct political activities in order to propose policies. I also want to deepen my cooperation with LDP members."

Watanabe has criticized the Aso administration since last year. In the previous extraordinary Diet session, he voted for a resolution presented calling for an early dissolution of the Lower House, which the main opposition the Democratic Party of Japan (DPJ) had presented.

On Jan. 5 he submitted to the LDP a set of proposals, including one calling on Aso to revise the second supplementary budget for fiscal 2008.

He then visited the Prime Minister's Official Residence (Kantei) on Jan. 9 to present an open letter asking Aso to completely abolish the practice of watari, in which ministries and agencies arrange new jobs multiple times at government-related corporations for retiring bureaucrats, as well as to scrap an ordinance that allows the prime minister to approve watari. However, the Kantei side refused to accept his letter. Watanabe then hardened his stance.

19) DPJ preparing its troops for action by hurriedly coordinating election cooperation; Party sees Diet dissolution near with the Aso Cabinet's non-support rate not at over 70 PERCENT

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YOMIURI (Page 4) (Excerpts)
January 13, 2009

With the non-support rate of the Aso Cabinet having topped 70 PERCENT in opinion polls by the Yomiuri Shimbun and other news companies, Democratic Party of Japan (DPJ) President Ichiro Ozawa sees Diet dissolution and a snap election as drawing near and has set a policy course of preparing the party for action this month. Ozawa's thinking is to have party hurriedly coordinate election strategy with the Social Democratic Party (SDP) and People's New Party (PNP), and to strengthen efforts to undermine the Liberal Democratic Party (LDP) by such means as not running a candidate against former Administrative Reform Minister Yoshimi Watanabe, who is quitting the LDP.

Appearing on an NHK-TV program on the 11th, Ozawa took a positive view toward a negotiated Diet dissolution that would involve the opposition camp cooperating for an early passage of the fiscal 2009 budget bill if the government and ruling camp promised to dissolve the Diet following the budget's passage. But he doubted that the Aso administration would even last that long.

The reason was that with the Cabinet's non-support rate now having topped 70 PERCENT, "Prime Minister Aso will not be able to cling to his administration with such a loss of public confidence." Spurring the party on, Ozawa said, "Everyone in the DPJ should now be mobilized to go among the public and listen to their troubles and complaints."

The DPJ plans to carry out a third survey this month of the situations in every election district in the country, and use the results to make its final choices of candidates and key election districts. In the DPJ's fiscal 2009 action plan to be adopted at the party convention on Jan. 18, it is stated, "We will concentrate support on candidates who can be expected to win in the small districts." The goal as stated is to secure a majority of small districts and the basic strategy is "selection and concentration."

The DPJ has decided to support 239 candidates and has officially approved 23 of them. It has also decided to back 22 candidates who are from the SDP or PNP or are independents. There are 16 districts

where candidates have not been picked.

20) Premier hints at additional economic stimulus measures:
Dissolution of Lower House as best timing

YOMIURI (Page 2) (Full)
January 11, 2009

Referring to the possibility of dissolution of the Lower House for a snap election, Prime Minister Aso stated during an interview at his official residence: "At this stage, I have not yet decided whether to dissolve the Lower House once the fiscal 2009 budget and related bills secure Diet approval. I need first to obtain prospects for the economic stimulus package to produce proper effects. It would be irresponsible (for me to dissolve the Lower House before that). I will consider the issue when the time comes." Regarding additional economic stimulus measures after the passage of the fiscal 2009 budget, he said that such might be possible. He took a cautious stance on deciding when to dissolve the Lower House, indicating that he would first determine the economic situation once the fiscal 2009 budget and related bills were enacted.

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Referring to the New Komeito's request for leaving an interval between the Tokyo Metropolitan Government Assembly election in the summer and the Lower House election, Aso indicated readiness to give a certain level of consideration to that party's wishes. He said, "I have no intention of totally disregarding such a request. However, I will not exclude July alone. I have to choose the best timing for both sides." He then underscored, "Things might happen between now and September, when the current term for Lower House members ends. I will ultimately decide when to dissolve the Lower House." He ruled out the possibility of a cabinet shuffle after the passage of the fiscal 2009 budget.

On the possibility of political realignment, Aso only said, "Various things could occur." However, concerning a grand coalition with the Democratic Party of Japan (DPJ), he indicated that such an idea would be difficult under the current single-seat constituency system for the Lower House.

Concerning placing a ban on the dispatch of temporary workers to manufacturing companies as demanded by opposition parties, he again took a cautious stance, saying, "If such a dispatch is banned, it would become difficult for the manufacturing sector to cope with sudden fluctuations in the economy."

21) Nishimatsu Construction suspected of giving 200 million yen in kickbacks to former Bangkok top official

ASAHI (Top Play) (Abridged slightly)
January 13, 2009

Asahi Shimbun has learned that Nishimatsu Construction, a second-tier construction company that has been found to have raised off-the-book funds worth more than 2 billion yen both at home and abroad, is suspected of having given approximately 200 million yen to a top-level official of the Bangkok Metropolitan Government in connection with the construction of Bangkok City Hall. According to a source related to the Thailand government, Thai authorities received a request from the Special Investigation Department of the Tokyo District Public Prosecutors for cooperation in the investigation of the company on the charge of violating the Law against Unfair Competition.

Tokyo District Public Prosecutors Office asks for cooperation from Thailand

Following the request, the Thai authorities have started examining investigation data provided by the Special Investigation Department. They reportedly will determine whether the case will constitute a bribery charge in accordance with Thailand's domestic law. Depending on the development of investigation by the Thai side, the matter could develop into an international bribery case.

According to sources related to Nishimatsu Construction, the construction work in question is the construction of flood-prevention drain tunnels sponsored by the Bangkok Metropolitan Government in 2003. A joint venture firm between Nishimura Construction and a local general construction company was awarded a contract for that project. Around this time, the two companies decided to give about 200 million yen each totaling about 400 million yen to that official. Nishimatsu Construction reportedly handed that money to its joint venture partner first, drawing it

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from slush funds that had been raised by using accounting procedures of reporting costs of construction works abroad at prices higher than the actual costs.

A bribery suspicion involving this construction work was taken up by some news organizations in July last year. The Bangkok Metropolitan Government set up an investigative committee. According to a local report after that, the Metropolitan Government reached a decision that no irregularities occurred.

Concerning Nishimura Construction's slush funds, Kazuhiko Takahara (63), who was deputy manager of the company's overseas project department, was arrested and indicted on suspicion of embezzlement. Other former executive-class officials are also suspected of bringing into the country money from slush funds raised abroad. The Special Investigation Department has decided to launch full investigation into them on suspicion of violating the Foreign Exchange and Foreign Trade Law.

SCHIEFFER